

BUSINESS SUCCESS STEPS

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1. Develop a business vision (plan)
2. Legally protect your business
3. Insure business assets
4. Brand your product
5. Retain great employees
6. Focus on your core competence and outsource the rest
7. Develop competitive advantages
8. Be client focused
9. Wow your customers with world class service
10. Live below your means with a solid finance system

Developing Your Business Funding Proposal

Career



Have a Convincing Story and Answers to Many Questions?

- Your Work Proposition?
- Know Funding Requirements?
- Your Application Ready?
- Answers Face-to-Face?

Preparing Business Proposition like getting Ready for Interviews, but More Homework Required !

Sources for Funding Start of Career / Business

Equity (Ownership %)

- Personal Savings / Assets
- Family and Friends
- Sponsorship / Donor support
- Profits retained in business

Frequent sources



Debt ("Stakeholder" owns %)

- Banks and Credit Unions
- Micro Loans / Angel Funds
- Student Loans (not good idea)
- Credit Cards (usually bad idea)

What Makes Up a Good Funding Proposal ?



Reliable Sources looking for:

- Good Credit History
- Talent, Management skills, and commitment
- Feasible Business Plan
- Adequate Owner Equity
- Sufficient Assurances that Loan will be Repaid

What Makes Up Good Funding Proposal ?



Lenders Might Also Ask About:

- Legal Claims/Liens/Judgments?
- Are any Assets Pledged Already?
- Tax Returns and all Credit Card Payments Kept Up-To-Date?
- Life Insurance (Cash Value)?
- Monthly Household Income?
- Monthly Household Expenses?

Know 6 C's of Convincing Funding Proposal

- Character
- Conditions
- Capacity
- Cash Flow
- Collateral
- Capital



Character



- Shown to Be Trustworthy
- Personal and Business Credit History to speak of
- Demonstrated Integrity
- Quality of References
- Experience in the Business
- 1st Impression you make on the Lender or Investor

Conditions



- Terms of Loan Proposal:
 - Intended Purpose of Loan
 - How Much is Requested
 - Time Duration of Loan
- Local Economic Climate for your Business / Trends + / -
- Local Economic Climate for competitive Businesses. +/-

Capacity

- How can your Business Make Products or Provide Services that you can Market & Sell?
- What makes you Think that your Business can be Successful?
- Once you Get Started, what factors would limit your Growth?
- What you Know about potential Competition? They Know You?



Cash Flow



- Where is the Money coming From to Repay the Debt Obligation?
- Where will all the Money need to Go to sustain the Business?
- Can you meet Other Obligations too (Taxes?)

Collateral

Additional Forms of Security:

- Secondary Source of Repayment
- Third Party Guarantee
- Tangible Assets
- Property of Loan Value
- Equipment of Loan Value
- Accounts Receivable
- Inventory



Capital



- The Money or other Assets you have personally Invested
- Your Ability to save Money after Business Expenses Paid (including Loan Interest & Taxes), so that you can Grow.
- Your Ability to manage other obligations to the satisfaction of any “Stakeholders.”

Turning Concepts into Funding Proposal



Common Concerns about Now:

- Writing “Business Plan” and filling out forms seems so complicated. I can’t do all this on my own!
- I don’t know about all the terms, the math to do financial figures, and legal stuff. It’s overwhelming!
- Can’t I just borrow a little money to get started, then learn as I go?

Businesses don’t Plan to Fail – they often Fail to Plan!

Executive Summary

- Describe Your Business and Explain Funding Proposal
- How much Funding Needed?
- How Funding would be Used?
- Whether you will seek only Loan or also consider new Investors?
- When you will Repay Funding?



Business Management Profile



- Business Performance Trends
- Products or Services Offering
- Market Need for More Offerings
- Location / Competition Factors
- Management Team Experience
- Who Manages Use of Funds

Marketing & Selling Plans



- Target Market: Is it large enough to be profitable?
- How is your Product or Service different and/or better?
- How is the Market Reached?
- Cost of Sales projected?
- Required Pricing to achieve a worthwhile Gross Profit Margin?
- Who are your competitors and where are they located?

Know Value of Technology



- Product / Service dependent on Information Technology?
- Marketing & Selling Plans based on use of Technology?
- Financial Viability of Business dependent on Technology?
- Business / Career Startup requires cost of Technology?
- If **YES** to any such questions, then do Homework carefully!

Financial Statements

Income Statement

- Am I making Profit or Loss?
- How long to reach Profitability?

Cash Flow Projections

- Do I have enough sources of Funds to operate business?

Balance Sheet

- What are assets & liabilities?

Break-even Analysis

- Sales level = > 0 Profits?



**Investment Return
Enabled with Profit > \$0**

Your Comprehensive Funding Proposal

- Summary of Funding Needs
- Business & Management Profile
- Marketing & Selling Plans
- Business Financial Statements
- Business Cash Flow Analysis
- Personal Finances/Tax Returns
- **Investment Return Forecast**



The Face-to-Face Meetings



Chance Favors the Prepared

- Know your financial **SWOT**
 - **S**trengths
 - **W**eaknesses
 - **O**pportunities
 - **T**hreats
- Use your “Strengths” for your:
 - 30 second “elevator speech”
 - abbreviated presentation

... but Good Luck Anyhow

About SCORE



- Successful and experienced executives acting as volunteers
- Seminars and workshops
- Free Mentoring
 - One-on-one counseling
 - E-mail advice as well
- Resources for small business:
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